



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 17, 2005

Ira Sachs
PGLC, LLC
Stag Lodge 33
P.O. Box 3000
Park City, Utah 84060-3000

Subject: Acceptance of Notice of Intention to Commence Small Mining Operations and Formal Approval of Form and Amount of Reclamation Surety, PGLC, LLC, Rosemor Mine, S/035/021, Salt Lake County, Utah

Dear Mr. Sachs:

Thank you for your Notice of Intention to Commence Small Mining Operations and initial \$150.00 permit application fee, received by the Division on January 6, 2005. The Rosemor Mine Project is located in the NW 1/4 of Section 19, T2S R1E, SLBM, Salt Lake County, Utah.

The Division finds your application complete and no additional information is required by this office at this time. On February 16, 2005 the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for the Rosemor mine. The reclamation surety in the amount of \$5,000.00 is in the form of an Irrevocable Letter of Credit issued by Wells Fargo Bank, NA. ***The Division hereby grants its final acceptance of your small mining notice of intention and the reclamation surety for the Rosemor Mine. You may commence with your mining operations as outlined.*** We have enclosed copies of the fully signed and executed Reclamation Contract and surety bond forms for your files.

The acceptance of this notice and surety is for a small mining operation only, **not to exceed 4.54 acres**. You are not authorized to disturb beyond the 4.54 acres without first amending your notice, adjusting the bond amount and receiving written acceptance from this office. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer.

Before we could grant acceptance of the notice, we were required to forward a copy of your notice to the Utah Division of State History to assure that no historical or archaeological properties were in the area of the proposed operation. We have received word from State History that no known properties have been recorded because no surveys have been conducted in this area. **Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office and the Division of State History of your find.**

Page 2 of 2
Rosemor Mine
S/035/021
February 17, 2005

Unlike large mining operations where the surety is escalated five years into the future, the surety for small mining operations will be reviewed periodically to assure that the bond remains adequate.

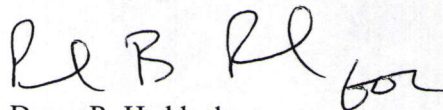
In accordance with the requirements of Rule R647-3-105, regarding the project location and disturbed area identification on a topographic map, *the Division also requires the operator mark the proposed/actual disturbed area boundary (including access/haul roads) in the field with metal T-Posts (or other suitable, fixed markers) to assure that operations do not exceed the five acre limitation of this permit.* Markers must be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

The Utah Mined Land Reclamation Act of 1975 [40-8-7(I)] provides the authority for fee implementation which was approved by the Utah Legislature at its 1998 session. Commencing July 1, 2002, and annually thereafter, the fees were increased to \$150.00 for small mining notices. In June, you should be receiving a fee statement for the 2005-2006 fiscal year.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices", and the statutory penalty for failure to reclaim a minesite (SMO-summary). Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Paul Baker at 538-5261. Best wishes with your new mining venture.

Sincerely,

A handwritten signature in dark ink, appearing to read 'DRH' followed by a stylized flourish.

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb
Attachment: SMO summary
Enclosure: Copy of RC & LOC
O:\M035-SaltLake\S0350021-IraSachs\final\appr-02172005.doc

FORM MR-RC
Revised January 21, 2005
RECLAMATION CONTRACT

File Number S/035/021

Effective Date FEBRUARY 16, 2005

Other Agency File Number N/A

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

RECEIVED

FEB 04 2005

DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>S/035/021</u>
(Mineral Mined)	<u>Surface Rock for Landscaping</u>
"MINE LOCATION":	
(Name of Mine)	<u>Rosemor</u>
(Description)	<u>South of Interstate 80 near Exit 131 about</u> <u>one and one-half miles northeast of Salt</u> <u>Lake City</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>4.54</u>
(Legal Description)	<u>(Refer to Attachment A)</u>
"OPERATOR":	
(Company or Name)	<u>PGLC, LLC</u>
(Address)	<u>Stag Lodge 33</u> <u>P. O. Box 3000</u> <u>Park City, Utah 84060-3000</u>
(Phone)	<u>801-414-3723</u>

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Ira Sachs

Same address as operator

"OPERATOR'S OFFICER(S)" & TITLE:

SURETY":

(Form of Surety - Attachment B)

Irrevocable Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Wells Fargo Bank, NA

Number 1

"SURETY AMOUNT":

(Escalated Dollars)

\$5000.00

"ESCALATION YEAR":

2010

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between PGLC, LLC the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/035/021 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention approved/accepted by the Division on February 2, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be

reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

PGLC, LLC
Operator Name

By Ira Sachs
Authorized Officer (Typed or Printed)

Managing Partner
Authorized Officer - Position

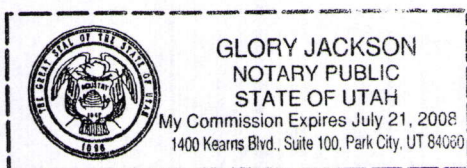
[Signature] Date 2/2/05
Officer's Signature

STATE OF Utah)
COUNTY OF Summit) ss:

On the 2 day of February, 2005, Ira Sachs
personally appeared before me, who being by me duly sworn did say that he/she is the
MANAGING PARTNER of PGLC LLC and duly acknowledged
that said instrument was signed on behalf of said company by authority of its bylaws or
a resolution of its board of directors and said Ira Sachs duly
acknowledged to me that said company executed the same.

[Signature]
Notary Public
Residing at 1400 Kearns Blvd Park City, UT 84060

July 21, 2008
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By

Mary Ann Wright, Acting Director

Date

2/16/05

STATE OF Utah)

COUNTY OF Salt Lake) ss:

On the 16th day of February, 2005, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: S LC Utah

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

PGLC, LLC
Operator

Rosemor
Mine Name

S/035/021
Permit Number

Salt Lake County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

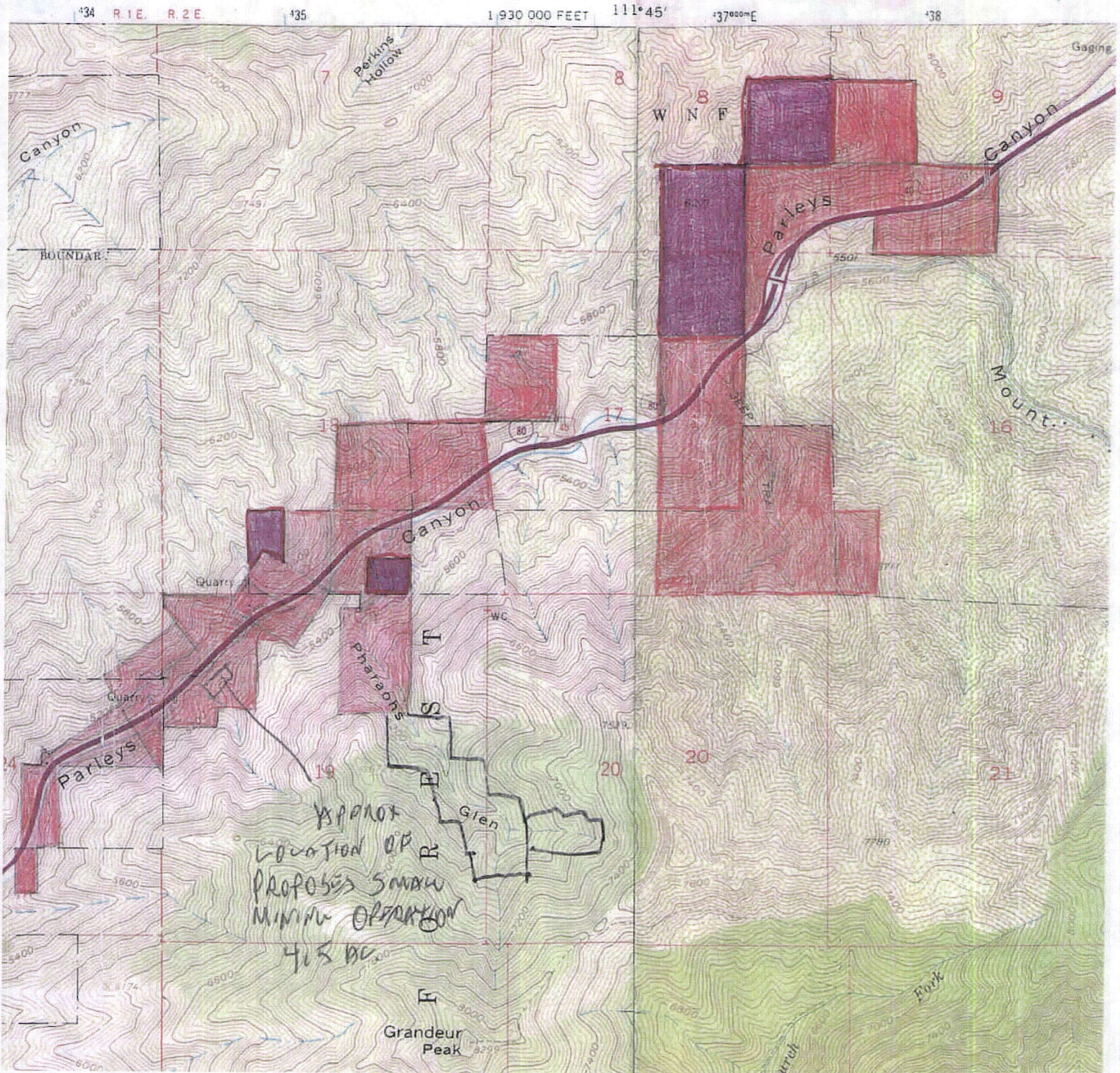
The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 4.54 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Exhibit 1 and dated January 6, 2005:

Portions of the NW¼ and the SW¼ of the NW¼, Section 19, Township 2 South, Range 1 East, SLBM.

5/035/021

Surface and Mineral Estate

Surface Only - *PUR FEE*
SIMPLE 10/97





WELLS FARGO BANK, N.A.
TRADE SERVICES DIVISION, NORTHERN CALIFORNIA
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111
Contact Phone: 1(800) 798-2815 (Option 1)
Email : sftrade@wellsfargo.com

RECEIVED

JAN 26 2005

DIV. OF OIL, GAS & MINING

IRREVOCABLE LETTER OF CREDIT

Letter of Credit No. 1

Date: January 25, 2005

UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Gentlemen and Ladies:

1. Wells Fargo Bank, N.A., ("Bank"), of San Francisco, California, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$5,000.00 in United States dollars ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (San Francisco time) on January 25, 2006 or (b) the date upon which sufficient documents are executed by the Division to release Ira Sachs ("Operator") from further liability for reclamation of the **Rose Mor Mine, Mine Permit No. S350021 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.**

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered to the office of the Bank, Wells Fargo Bank, N.A., Trade Services Division, Northern California, One Front Street, 21st Floor, San Francisco, CA 94111. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does

not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, San Francisco time, on the second business day (the term "business day" means a day we are open at our address above to conduct business) following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.


6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Bank, Wells Fargo Bank, N.A., Trade Services Division, Northern California, One Front Street, 21st Floor, San Francisco, CA 94111, referencing Letter of Credit No. 4

Very truly yours,

WELLS FARGO BANK, N.A.
The Bank

By: 
Eisa Chau

EISA CHAU
ASSISTANT VICE PRESIDENT

(Authorized Signature)
Title: Assistant Vice President

to
Letter of Credit Number NZS536248

Letter of Credit No.

DOLLARS

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

EXHIBIT B
to
Letter of Credit Number NZS536248

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated January 25, 2005 issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of the Letter of Credit No. _____ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorney's fees, for the Rose Mor [mine], S350021 [mine permit #].

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date _____